

HOUSE BILL REPORT

HB 2560

As Reported by House Committee On:
Commerce & Labor

Title: An act relating to the limit on spirits, beer, and wine restaurant licenses.

Brief Description: Changing the formula cap on spirits, beer, and wine restaurant licenses.

Sponsors: Representatives Conway, Wood, Condotta, Fromhold and P. Sullivan; by request of Liquor Control Board.

Brief History:

Committee Activity:

Commerce & Labor: 1/18/06, 1/23/06 [DP].

Brief Summary of Bill

- Changes the formula for determining the total number of spirits, beer, and wine restaurant licenses that may be issued from a ratio of one license for every 1,500 people to one license for every 1,450 people.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 7 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Holmquist, Kenney and McCoy.

Minority Report: Do not pass. Signed by 1 member: Representative Hudgins.

Staff: Elisabeth Frost (786-5793) and Jill Reinmuth (786-7134).

Background:

In order to sell all varieties of liquor by the drink, a bar or restaurant must have a spirits, beer, and wine (SBW) restaurant license issued by the Washington State Liquor Control Board (Board). The total number of SBW restaurant licenses that may be issued in the aggregate is limited to the ratio of one license for every 1,500 people. The formula is linked to the annual state population as determined by the Office of Financial Management (OFM). It does not apply to private clubs, sports and entertainment facilities, or nonprofit arts organizations that sell spirits, or restaurants and bars that sell only beer and wine.

The 1:1500 ratio was part of Initiative 171, approved by voters in 1949, which authorized the sale of liquor by the drink. Originally, the formula was linked to the state population as determined by the national census.

The current cap on SBW restaurant licenses is approximately 4,117. As of early January 2006, the Board had issued 3,999 of those licenses.

Summary of Bill:

The total number of spirits, beer, and wine restaurant licenses that may be issued in the aggregate shall not exceed one license for every 1,450 people.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: (In support) The one per 1,500 population cap was set by initiative in 1949. In the last seven to eight years with the growth of the state population there has been a growth in the number of restaurants. Many beer and wine taverns have also converted from beer and wine licenses to spirits, beer and wine restaurant licenses, and the cap for these licenses statewide is close to being reached. Licenses are renewed each year, so the licenses that are currently issued are in use. The bill would adjust the cap to provide for 300 more licenses through the year. The Board cannot find any historical reason for the cap and assumes that it exists to determine whether there are a sufficient number of licenses in a locale. There are other provisions in the liquor licensing laws that allow the Board to determine that. We should work with stakeholders over the next 12 months to figure out if the cap should be eliminated entirely. Some larger communities were concerned with eliminating the cap entirely, so the idea is to adjust the cap to get through the next year and then come back in 2007 with a proposal that deals with the cap once and for all.

(With concerns) The bill would allow restaurants to continue business and obtain licenses through 2006. But the preference would be to see a removal of the cap entirely rather than an increase in the number of licenses that may be issued. One of the other ways to address this issue would be to create a different license for nightclubs that is not categorized as a spirits, beer and wine license. Doing that would reduce the number of spirits, beer and wine licenses currently issued in the state. But for the interim, the approach decided by the Liquor Control Board was to increase the cap.

Testimony Against: None.

Persons Testifying: (In support) Rick Garza and Lorraine Lee, Washington State Liquor Control Board.

(With concerns) Michael Transue, Washington Restaurant Association.

Persons Signed In To Testify But Not Testifying: None.